

2002-2003 PROPOSED BUDGET AND MULTI-YEAR CAPITAL PLAN

INTRODUCTION

The development of the Miami-Dade County Proposed Budget and Multi-Year Capital Plan and its submission to the Board of County Commissioners (BCC) represents the culmination of countless hours of analysis and deliberation by County staff. The task of setting priorities for services the County can provide, while minimizing the burden of taxes and fees, is challenging and requires extensive consideration. For that reason, the Proposed Budget is presented in such a manner as to highlight important budget issues for the Board and the public in a clear and concise fashion. In accordance with growth management guidelines, a Proposed Multi-Year Capital Plan is also submitted at this time as part of the Proposed Budget document. The Miami-Dade County, Florida Annual Report to Bondholders, Series 6 contains information related to County debt and, as such, is a companion document to the Proposed Budget and Multi-Year Capital Plan. The FY 2002-03 Final Business Plan and Budget, which summarizes the final budget decisions, will be submitted after the public budget hearings in September to provide an overview of the budget process.

Basic Budgeting Concepts

This section will help the reader better understand some of the terms and issues associated with government budgets in general and Miami-Dade County's budget in particular. It is intended to provide a basic understanding of the County Manager's FY 2002-03 Proposed Budget as presented to the Board of County Commissioners (BCC).

The annual budget is a financial, operating, and capital plan for the coming fiscal year. It provides an outline of proposed service levels provided to the citizen and public capital investments in the community.

A budget is a tool that serves five purposes:

- **Information**: The budget document is the primary way for the County to explain to the public what it intends to do with the taxes and fees it collects. Through the budget document the public can see how and where tax dollars and other revenues raised by the County will be spent.
- **Accountability**: The budget is a tool for legally authorizing public expenditures and to account for and control the use of public resources.
- **Evaluation**: The budget is used to help determine how well services are provided.
- **Planning**: The budget is the basic way for the management of the County to plan, coordinate, and schedule programs and services.
- **Prioritization**: The community needs are prioritized through this process.

Fiscal Year

A fiscal year is a twelve-month cycle that comprises a budget and reporting period. The County's fiscal year for this proposed budget starts October 1, 2002, and ends September 30, 2003.

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Millage Rates

The millage rate is a rate of taxation that is applied to property values to generate necessary revenue to pay for services proposed in the budget. The State Constitution places a 10 mill cap each on County (areawide) and municipal property tax rates.

The County actually has four operating millage rates; three (countywide, fire, and library) are subject to the County (areawide) 10 mill cap. The fourth, is the unincorporated area millage, which is subject to its own 10 mill cap. In addition, the County has millage rates for voter-approved debt service. Debt service millage rates are not included in the calculation of total millages for operating purposes. The revenue raised from the debt service millage pays outstanding debt for voter-approved general or special obligation bonds. The County has debt service millages for voter approved countywide debt and for Fire-Rescue District debt.

A Mill of Tax

A mill is a rate of tax equal to \$1 for each \$1,000 of assessed taxable property value. If your property has a taxable value of \$100,000 and the millage rate is 1, the property owner would pay \$100 in taxes. In Miami-Dade County for FY 2001-02 the median taxable value of a home after taking into account the homestead exemption is approximately \$57,000.

Calculation of Property Taxes

There are four factors for calculating the amount of property tax assessed on property:

1. The value of the property
2. Adjustments for Amendment 10 of the Florida Constitution (if applicable); Amendment 10 to the State Constitution limits the growth in assessed value of residential properties with a homestead exemption to the lesser of the growth in the Consumer Price Index (CPI) or three percent (for FY 2002-03 such growth is limited to CPI growth of 1.6 percent).
3. The amount of value that is not subject to taxes (e.g., the \$25,000 homestead exemption and the additional homestead exemption for senior citizens who meet income criteria)
4. The millage rate

According to state law, the County Property Appraiser determines the market value of each property in Miami-Dade County as of January 1 each year. Then Amendment 10 adjustments are applied to find the assessed value. Finally, appropriate exemptions are applied to reach the taxable value. The taxable value is then multiplied by the millage rates set by the BCC and by other taxing authorities in September to determine the amount of property taxes that must be paid for the property when the bill is mailed in November.

For example, if a property's assessed value is \$125,000 and the owner is entitled to a homestead exemption (valued at \$25,000 per home), then the taxable value of the property is \$100,000.

When a millage rate of 25 is applied to the taxable value, the taxes would be \$2,500 per year. The calculation is performed by taking the taxable value (\$100,000), dividing by 1,000 and multiplying by the millage rate (25).

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Taxable Value and Millage Rates

The State defined rolled-back millage rate is the millage rate that would allow the taxing authority to raise the same amount of property tax revenue for the new budget as it estimates to receive in the current year when applied to the tax roll for the new year, excluding revenue from new construction. Therefore, by excluding reassessments in its calculation, the rolled-back rate does not take into account inflationary growth in the County. The aggregate rolled-back millage rate is the sum of each individual rolled-back millage rates weighted by the proportion of its respective roll to the countywide tax roll.

While Miami-Dade is responsible under state law to collect all taxes imposed within the county, the County itself levies only certain taxes on the tax notice. Table 1.1 shows the millage rates and taxes paid in FY 2001-02 by a residential property located in unincorporated Miami-Dade with an assessed value of \$125,000 and a taxable value after homestead exemption of \$100,000. These rates include debt service as well as operating millages. The rates in italics are the ones levied by the Miami-Dade Board of County Commissioners.

Using the example of table 1-1, of the \$2,203 of tax collected, \$1,191 or 54.1 percent is controlled by the County, \$565 for UMSA, Fire Rescue, and Library services (city-type) and \$626 for countywide services.

For residents of cities, all of the rates would apply, except the individual city millage rate would be used in place of the UMSA rate. Some cities are not in the fire rescue district or library system and, thus, those rates would also not apply to those property owners.

TABLE 1.1 FY 2001-02 Operating and Debt Service Tax Rates and Calculated Taxes for a Property with a Taxable Value of \$100,000 in Unincorporated Miami-Dade County (Taxes are rounded)			
Authority	Millage Rate	Tax	% of Total
<i>UMSA Operating</i>	2.447	\$245	11.1%
<i>Countywide Operating</i>	5.713	\$571	25.9%
<i>Fire-Rescue Operating</i>	2.683	\$268	12.2%
<i>Library System</i>	0.451	\$45	2.0%
<i>Countywide Debt Service</i>	0.552	\$55	2.5%
<i>Fire-Rescue Debt Service</i>	0.069	\$7	0.3%
Total to County	11.915	\$1,191	54.1%
School Board	9.376	\$938	42.6%
Everglades	0.100	\$10	0.5%
Water Management	0.597	\$60	2.7%
Inland Navigation	0.0385	\$4	0.2%
Total	22.0265	\$2,203	100%

Based on the FY 2001-02 millages, and the median countywide home taxable value of \$57,000, the taxes paid to the County in FY 2001-02 were \$679.

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Strategic and Business Planning for High Performance

This proposed budget incorporates business planning concepts, with specific focus on performance measurement, into overall resource allocation decisions of the County government. These decisions have been framed by three guiding principles: people (customer service), service, and technology. These principles have been further refined into six strategic areas, which define the areas of emphasis for County services. These areas are:

1. Focusing on customer services (both internal and external customers)
2. Providing safe, quality neighborhoods
3. Promoting a health economy
4. Fostering an improved quality of life, especially for children and seniors
5. Improving our transportation system
6. Promoting efficient and effective government

To further strengthen the County's emphasis on business planning, the County has recently embarked on a formal strategic planning process. This process involves elected officials, other community leaders, citizens and professionals in their fields. Completing this process will lead to well-articulated goals and objectives for this government with clear operational steps designed to meet these goals and objectives. To date the BCC has approved a mission statement and guiding principles; each department will be creating or refining a balanced set of performance measures to track progress towards achieving these objectives.

These measures can be categorized into one of four types:

1. Outcome (effectiveness): These measures depict the degree to which performance objectives are achieved, reflect the quality or customer satisfaction with a service, or combine a measure of effectiveness and efficiency into a single indicator. These measures focus on the final results of programs and activities.
2. Efficiency: These measures relate the resources used to perform the work and the amount of work actually performed. This measure is a ratio between inputs to outputs.
3. Output (workload) measures: These measures indicate the amount of work performed or the amount of services received.
4. Input measures: These depict the resources used (employees, dollars, equipment, work hours) in delivering a service or product.

Using these categories, departments will create measures that reflect their operations from a balanced perspective. Department managers use performance measures, first, as a tool to improve performance and, second, to inform others about their progress towards achieving their goals and objectives.

Performance measures reported in the Proposed Budget represent initial efforts to provide a balanced set of measures within a business planning context. Later this calendar year, as was done last year, the County will publish a business plan document incorporating the strategic areas, key outcome measures and other relevant material as part of its efforts to keep this community informed about the operations of this government.

Budget Development Process

Pursuant to Article 4 of the Miami-Dade County Charter, the County Manager is required to recommend a proposed budget to the BCC. Pursuant to Ordinance No. 98-69, the deadline for the submission of the Proposed Budget is June 1.

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Although submission of the Proposed Budget occurs on June 1, budget development actually begins several months earlier in December, three months into the fiscal year. In December and January staff begin forecasting revenues and expenditures for both the current and the ensuing fiscal years to initiate the development of preliminary budget forecasts for the upcoming fiscal year.

During January and February, County departments worked to formulate their FY 2002-03 operating budget requests for submission to the Office of Management and Budget (OMB). In an effort to minimize tax and fee changes, departments are typically instructed to develop budget submissions that attempt to continue the current service levels at constrained revenue limits. Throughout the process of developing the budget, the primary goal is the preservation of service levels that, due to inflation, may cost more than they did in the prior year. As a result, each department is urged to identify and implement efficiencies. Proposed service enhancements are isolated so that they can be thoroughly evaluated in light of the associated requirements for additional funding. This work requires numerous meetings among County staff to discuss and evaluate proposed service levels and funding.

It is important to note that despite the several changes to Miami-Dade's calendar for preparing the budget, there are certain budget-related deadlines established by state statute. By July 1, the Property Appraiser will certify the Final Preliminary Property Tax Rolls and OMB will recalculate the tax rates and update budget projections included in the Proposed Budget so that the Board is informed of the most recent revenue estimates before establishing preliminary millage rates. In July, the Board determines the proposed millage rates to be used to calculate the estimated taxes published in the "Notice of Proposed Property Taxes" sent to each property owner in August. This determination is a significant point in the budget development schedule since the millage rates set by the Board in July will represent a ceiling for property taxes for the ensuing fiscal year.

In accordance with Resolution No. R-1018-94, public meetings are held throughout the unincorporated area in August to discuss proposed new or increased fees and taxes. These meetings also serve as a forum to describe the budget to the Community Councils. As required by state law, two public budget hearings are held in September prior to the adoption of the budget. At the conclusion of the second public hearing, which must be at least ten days before the end of the fiscal year, the Board makes final budget decisions, establishes tax rates, and adopts the budget ordinances for the ensuing fiscal year which begins on October 1. Between July 1 and September 30, the Mayor will present a budgetary address pursuant to the County Charter and the Mayor can exercise budgetary vetoes following the budget adoption.

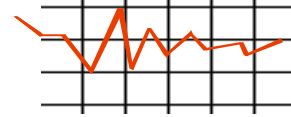
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BUDGET PROCESS

BUDGET FORECASTING FOR COMING YEAR

DECEMBER - JANUARY



DEPARTMENTAL BUDGET PREPARATION

JANUARY - FEBRUARY



BUDGET WORKSHOPS WITH COUNTY COMMISSION
AND COMMISSION COMMITTEES

MARCH-MAY



PROPOSED BUDGET PRESENTED

JUNE



TAX ROLL RELEASED

JULY 1



PROPOSED MAXIMUM TAX RATES ADOPTED BY COUNTY COMMISSION
NOTICES OF PROPOSED TAXES MAILED

JULY - AUGUST



MAYOR'S BUDGET MESSAGE

JULY - SEPTEMBER

TWO PUBLIC BUDGET HEARINGS

SEPTEMBER



NEW BUDGET BECOMES EFFECTIVE

OCTOBER 1



Format and Presentation of Proposed Budget and Multi-Year Capital Plan

The Miami-Dade Proposed Operating Budget presents the full array of County operations. County departments are grouped into eight program areas: policy formulation, protection of people and property, transportation, culture and recreation, physical environment, health and human services, general government, and internal support.

Individual department descriptions are divided into as many as seven sections. First, a brief statement of the department's purpose and a functional table of organization are provided. Following, a brief description of the department's business plan is included. In this business plan, the major strategic area or areas associated with the department's primary services are identified. This section is followed by selected goals and objectives that relate to the strategic areas and for which departments will be collecting and disseminating information, and the departments' capital program strategy. The next section, "FY 2001-02 Service Status," describes significant current

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year activities, status of capital projects, operational issues, and accomplishments. Because the Proposed Budget is released eight months into the fiscal year, many of the service status items may not actually be completed before release of the budget, but being presented with a reference to their status. Workload or performance measures, cost comparisons, charts, graphs, and other relevant statistics considered in developing the FY 2002-03 budget are also included to enhance the presentation of issues, which may not be fully addressed in the narrative sections. An overview of FY 2002-03 budget recommendations follows. Individual departments that provide area-wide and municipal type services have "FY 2001-02 Service Status" and "FY 2002-03 Recommendations" sections that distinguish between the countywide and unincorporated area services. Next, the "FY 2002-03 Adjustments to Services" section details recommendations that affect services being provided by departments. The following section "Selected Unmet Needs" provides readers with a sampling of needs that have not been addressed in the budget. A more complete list of the unmet needs can be found as an attachment to the County Manager's Budget Message. A summary of departmental funding and authorized positions, as well as a breakdown of total budgeted expenditures into personnel, other operating, and capital allocations, is at the end of each departmental description along with the capital expenditure summary. The detail reflected at the end of the departmental pages shows expenditures by source of funding and identifies revenue to the general fund generated by general fund-supported departments.

Departmental funding summaries use functions or primary activities to provide details on how the budgeted funding and positions are allocated among services and programs. Also, provided are measurable business plan information that focuses particularly on key performance measures that relate to major departmental activities. To the extent possible, recommendations have been based on departmental performance. Efficiency and effectiveness measures will also be part of future business planning, quarterly reporting, and budgeting documents. The appendix to the Proposed Budget and Multi-Year Capital Plan also includes a more detailed version of the funding summaries and another table that consolidates all departmental expenditures into the categories of personnel, other operating, and capital, in accordance with generally accepted budgeting practices.

Other important budget information, as descriptions of the recommended millage rates and related property tax rolls, the County's population, social service program funding, tourist tax revenues, gas tax revenues, and community-based organizations (CBO) funding, a glossary of terms used in the Proposed Budget and Multi-Year Capital Plan, and an index can also be found in the appendix.

Where departmental reorganizations or realignments are recommended, the pertinent FY 2001-02 budget figures as well as the FY 2000-01 figures, relating to both funding and staffing, have generally been adjusted so that they are comparable to the FY 2002-03 recommendation. This convention is used to isolate budget changes for comparative purposes by normalizing for organizational shifts.

Figures relating to budgeted and recommended staffing levels on the departmental pages and in the appendices are limited to full-time positions. Part-time, temporary, and seasonal positions are not included in the staffing figures but their costs are included in the proposed expenditures. Position totals in the current year budget columns are updated to reflect actions taken by the Board during FY 2001-02, such as the acceptance of grant funds, that affect position counts.

An important change from budget presentations in prior years is that the FY 2002-03 Proposed Budget and Multi-Year Capital Plan merges the operating and capital budget into one document. An appendix to this document is also available and it contains detailed information regarding funded and unfunded multi-year capital projects as well as information regarding non-bond related debt.

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Countywide/Unincorporated Area Allocation

Consistent with its two-tier governmental structure, the County provides two basic levels of service: countywide metropolitan governmental services for all Miami-Dade County residents and municipal services for residents of the unincorporated area of the county (more than half of Miami-Dade County's total population). The unincorporated area is known as the unincorporated municipal service area or UMSA.

The Miami-Dade operating budget separates countywide from UMSA appropriations. That separation ensures that residents pay only for the services they receive. The narratives and funding summaries for operating departments, that receive general fund support, address the countywide and UMSA budgets separately, as appropriate. The division of expenditures into countywide and UMSA services is relatively simple in most instances. Health care, mass transit, correctional facilities, and courts, for instance, are clearly countywide services. The Miami-Dade Police, Park and Recreation, Planning and Zoning, and Public Works departments, however, provide both area-wide and municipal services. The costs requiring property tax support in those departments are allocated between the Countywide General Fund and the UMSA General Fund budgets. Each department's cost allocation is reviewed annually.

Police services provided in the unincorporated area are similar to police services provided by municipal police departments. These services include uniform police patrols, general investigative services, school crossing guard program services, and community and school-based crime prevention programs. Criminal and other specialized investigative activities primarily serve the unincorporated area, but also provide support to municipalities on an as needed basis. Those costs are allocated between the countywide and unincorporated area budgets based on relative workloads during 2001. Countywide police functions are generally the state-mandated sheriff's functions and include the crime laboratory, court services, civil process, warrants, the Juvenile Assessment Center, public corruption investigations, and portions of the communications and records bureaus. The expenditures of overall support functions such as the director's office, the legal and professional compliance bureaus, and information technology are allocated in accordance with the overall department-wide allocation between countywide and UMSA budgets. In the review of the allocation process, it was determined that unreimbursed costs of police presence supporting municipal police departments at events of countywide significance as approved by the BCC should also be treated as countywide functions. The allocation of the police budget is 24 percent to the Countywide budget and 76 percent to the UMSA budget for FY 2002-03, as compared to 22 percent and 78 percent respectively in FY 2001-02.

The Park and Recreation Department's expenditures are divided similarly. UMSA park facilities and recreational programs are local in scope and, therefore, are funded from the UMSA budget. Included in this group are community and neighborhood parks, community pools, nature centers, and non-specialized recreational programming. Countywide park facilities and programs serve all county residents and include metropolitan parks, such as the Crandon Park, Matheson Hammock Park, Metrozoo, cultural facilities, natural areas, and ocean beaches. Regional parks such as Amelia Earhart, Ives Estates, Tamiami, and Tropical are evaluated as a group and funded from a combination of UMSA and countywide funding. Administrative support and construction (planning, design, development, and maintenance) costs are allocated between the countywide and UMSA budgets on the basis of the relative costs of direct services. Some countywide park facilities such as golf courses, marinas, and tennis centers, generate sufficient revenues to support their operations and do not require property tax support. Parks property tax supported costs are allocated 44 percent to the Countywide budget for FY 2002-03 as compared to 36 percent in FY 2001-02.

General fund support to planning functions within the Planning and Zoning Department is allocated based on proportions of workload that relate to the unincorporated area as compared to the overall county. Because most planning activities such as maintenance of the Comprehensive Development Master Plan, development reviews,

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preparation of special planning studies, and support of community councils are local in nature, the costs are allocated to the unincorporated area budget. Costs associated with the review of Developments of Regional Impact, area-wide economic forecasting and census related activities, however, are included in the countywide budget because of their area-wide significance. Planning general fund subsidies, net revenues, are distributed 79 percent from countywide and 21 percent from the unincorporated area as in the current year.

The Public Works Department's unincorporated area budget provides funding for local right-of-way maintenance activities which include pothole patching, paving, resurfacing, sidewalk repair, and landscape maintenance. Area-wide Public Works Department responsibilities such as traffic control, traffic engineering design, mosquito control, arterial road maintenance, and bridge operations are funded from the countywide budget. Several direct services are both Countywide and UMSA funded. These include right-of-way, highway engineering, and right-of-way aesthetics and assets management. As in the case of the Parks Department, some Public Works services, such as causeways, are fully self-supporting and require no property tax support. Administrative costs are allocated on the basis of the relative costs of direct services. As a result of this year's review of the cost allocation method, countywide support next fiscal year will be 82 percent compared to 72 percent in the current year.

The cost of the County's central administration, which supports operating departments, is apportioned based on the ratio of departmental countywide versus unincorporated area operating costs. For FY 2002-03, the ratio is 65 percent countywide and 35 percent for the unincorporated area. In some cases, specific functions within a particular central administrative department are funded from either the countywide or unincorporated area budget depending on the population served while other functions may be funded differently. For example, the Clerk of the Board Division of the Office of the Clerk is part of the County's central administration and as a result is funded by the Countywide General Fund and UMSA General Fund revenue in the same proportion as the rest of the County's central administration. General fund support to the rest of the Office of the Clerk, on the other hand, is all countywide since that department's functions are for all county residents.

Revenue allocation is more clearly defined and usually based on statutory guidelines. Counties are authorized to collect certain revenues, as are municipalities. In accordance with State law and the Home Rule Charter, the unincorporated area realizes revenues comparable to those received by municipalities in Miami-Dade County. More detail on revenue allocations is provided in the FY 2002-03 Revenues section of the Proposed Budget and in the appendix of this book.

The Multi-Year Capital Plan has an estimated cost of \$2.236 billion, a 21 percent increase from FY 2001-02. This increase is due primarily to an increase in the Aviation Department (approximately \$295 million); unfunded projects have an estimated cost of \$5.712 million, which represents a 4 percent increase from FY 2001-02

The proposed FY 2002-03 countywide voted debt service millage is .390 mills dedicated to the remainder of the \$553.1 million Decade of Progress Bond Program, the 1982 Criminal Justice Facilities Bond Program and the Safe Neighborhood Parks Program. The proposed millage for the Fire Rescue District is .079 mills

The following capital transactions have occurred or are planned for the current fiscal year:

- Aviation Port Authority Properties (PAP) Revenue Bonds, Series 2002 - \$299 million to finance roll-out portion of the Commercial Paper Program
- Fire Rescue District Bonds - \$17.895 million, the second and final series under voted authorization
- Public Service Tax Bonds, Series 2002 - \$60 million to finance phase II of the Quality Neighborhoods Improvement Program (QNIP)
- Capital Asset Acquisition Bonds, Series 2002 – Approximately \$150 million to funds equipment needs for various County departments

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- Lease/leaseback transaction - obtain \$15 million of interim financing until transaction closes

Capital financing transactions planned for FY 2002-03 include:

- Safe Neighborhood Parks (SNP) Bonds, Series 2002 - \$12 million to finance park and recreation facilities (fifth series under the Parks program)
- Special Obligation Bonds, Juvenile Justice Courthouse, Series 2002 – a minimum of \$65 million, backed by civil filing fees
- Aviation Port Authority Properties (PAP) Revenue Bonds, Series 2003 - \$350 million to \$450 million to finance airport expansion projects and roll-out portion of the Commercial Paper Program
- Aviation Development Facilities (ADF) Refunding Revenue Bonds - \$250 million for merger of ADF debt into PAP debt
- Safe Neighborhood Parks (SNP) Bonds, Series 2002 - \$20 million to finance park and recreation facilities (sixth series under the Parks program)
- Water and Sewer System Revenue Bonds - \$150 million to finance a portion of the department's ongoing capital improvement program
- Subordinate Convention Development Tax Special Obligation Bonds, Series, 2003 – Approximately \$116 million for the Performing Arts Center and other projects

Some projects included in the FY 2002-03 Capital Budget may be constructed utilizing miscellaneous construction contracts.

The Miami-Dade Proposed Budget and Multi-Year Capital Plan is specifically designed to enhance the reader's understanding of the scope and nature of county government. Users of this document are invited to share their comments, suggestions, or criticisms by writing to the Office of the County Manager, 111 N.W. First Street, Suite 2710, Miami, Florida 33128, or by calling 305-375-5143.

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2002-03 REVENUE

Miami-Dade County's operating budget is actually a combination of budgets relating to distinct services including regional area-wide services provided countywide, local services in the unincorporated area, referred to as the unincorporated municipal service area (UMSA), library services provided by the Miami-Dade Library System, and fire-rescue services provided within the Miami-Dade Fire Rescue District, as well as numerous proprietary operations and special assessment district functions. Each is separated to ensure that public revenues are used only for their authorized purposes and that residents pay only for those services available to them. Various types of revenues support Miami-Dade County's operations: taxes on property, sales, motor fuel, and utility bills; fees and service charges; federal and state grants; and others. Many of these revenues carry restrictions on their use which provide constraints during the budget development process.

The most significant source of discretionary revenue to local governments in Florida is the property tax. Miami-Dade County's property tax rolls have recovered well from losses associated with Hurricane Andrew; estimated tax roll growth (from the 2001 preliminary roll) for FY 2002-03 is estimated at 8.2 percent, higher than the average for the five years before Hurricane Andrew, and the second highest since after the hurricane. In accordance with Amendment 10 to the State Constitution, the increase in property assessments for 2002 homestead residential properties will be capped at 1.6 percent, the growth in the Consumer Price Index.

Because the budget submission deadline is June 1 and the final preliminary tax rolls are not available until July 1, all estimates included in this Proposed Budget are based on preliminary information from the Property Appraiser relating to reassessment and new construction growth, as well as the disposition of the final 2001 tax rolls. The total of all operating and voted debt millage rates is 11.915, the same as in FY 2001-02. Pursuant to state law, the sum of the countywide, Fire Rescue, and Library millage rates is subject to a 10 mill cap; at 8.999 mills, FY 2002-03 will be the eighth consecutive year that the sum is below that cap. Overall, the proposed millage rates reflect an increase of 8.41 percent above the state defined aggregate rolled-back rate. Millage rates will be re-calculated in July after the certification of the tax rolls and prior to the Board of County Commissioner's setting of proposed millage rates for notification purposes.

In general, discretionary revenue, other than property taxes and sales taxes, is expected to grow at a rate reflecting economic and population growth. Proprietary operations, such as the Aviation and Seaport departments, will grow to the extent that their activity and operating revenues permit. Pursuant to state law, most revenues are budgeted at 95 percent of projected receipts. Certain revenues, such as cash carryover, are exempted from this requirement.

Countywide General Fund

The Countywide General Fund is increasing by approximately 3.4 percent in FY 2002-03. Property taxes (\$646.1 million) are still the largest revenue source for the Countywide General Fund accounting for 70.7 percent of the total. This tax is levied on all non-exempt real and personal property in the County. Because the preliminary tax rolls will not be released until July, the budget has been developed using an estimated gross countywide tax roll of \$114 billion which incorporates \$6.5 billion in reassessment value and \$3.4 billion in new construction value. The countywide millage is recommended at 5.966 mills, an increase of 0.253 mills as compared to the FY 2000-01 rate, but lower than the rate in FY 1983-84. The debt service millage is recommended at 0.39 mills, a decrease of 0.162 mills. The total of the recommended Countywide operating and debt service millage rates for FY 2002-03 (6.356 mills) is lower than the total in any year in the past 21 years with the exception of FY 2001-02.

State revenues routinely shared with Miami-Dade County consist largely of gasoline taxes, Local Government Half-Cent Sales Tax Program distributions, and County Revenue Sharing Programs. In addition, the state has

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authorized and the County has imposed the Six-Cent Local Option Gasoline Tax (LOGT), which is shared with municipalities, and a one-cent (also called ninth cent) local option gas tax. The budget for the six-cent LOGT is \$41.875 million, the same as the current year budget. This is based on FY 2000-01 collections, FY 2001-02 year-to-date collections, and the State of Florida Department of Revenue's statewide projections. State gas tax revenue does not grow significantly from year to year and is budgeted at \$12.268 million. The Ninth Cent LOGT is expected to follow the same trend and is budgeted at \$10.188 million in FY 2002-03.

Based on legislation approved during the 2000 legislative session, sales taxes continue to be the largest revenue component of the County and Municipal Revenue Sharing Trust Funds, replacing allocations from intangibles and cigarette taxes. County revenue sharing distributions are used to fund guaranteed entitlement debt service payments first and the remaining amount is budgeted as general revenue. In FY 2002-03, net County revenue sharing receipts to the general fund are budgeted at \$31.326 million.

Miami-Dade County receives Half-Cent Sales Tax Program distributions using a state defined formula, which divides the revenue among the municipalities and the County based on population. Sales tax revenues are then allocated between the countywide and UMSA budgets based on the same formula. In FY 2002-03 the distribution proportions are 37 percent countywide and 63 percent UMSA. Sales tax projections assume the continuation of experienced growth trends before the events of September 11th. Total FY 2002-03 budgeted sales tax revenue is seven percent higher than the current year level. As with county revenue sharing, the countywide share of sales tax revenue is normally first used to pay debt and the remaining portion is budgeted as countywide general revenue. This debt payment from sales tax receipts is not required in FY 2002-03 since the debt is maturing and this allows the full countywide share of sales tax revenue to be budgeted in the countywide general fund (\$41.451 million)

Court-related revenue collected by the Office of the Clerk is budgeted at \$46.736 million, a six percent increase from the current year budgeted level of \$43.906 million. Countywide occupational license tax revenue to the countywide general fund is budgeted at \$3.129 million. As in the current year, \$471,000 in occupational license revenue is budgeted in FY 2002-03 to fund consumer protection activities in the Consumer Services Department which regulates businesses throughout the county.

The FY 2002-03 estimate for cash carryover is \$7.828 million, a \$49.072 million decrease from the \$56.9 million budgeted in the current year. This decrease is the result of lower than anticipated revenues, mainly sales tax, interest earnings, and carryover into FY 2001-02, and higher than anticipated security costs due to the events of September 11.

Interest earnings are expected to yield \$9.315 million, \$6.341 million less than budgeted in FY 2001-02. This estimate is based on year-to-date actuals and projections, as well as the return on county investments. Interest revenue to the general fund is derived not only from revenue in the general fund, but also from certain trust funds, reserve accounts, internal service funds, and revenues whose earnings may be legally transferred to the general fund.

Administrative reimbursement payments from proprietary funds will total \$65.897 million in FY 2002-03. Consistent with past practices, administrative reimbursement revenue has been allocated between the countywide and unincorporated area budgets in the same proportion as the administrative expenses they support: 65 percent countywide and 35 percent UMSA. Changes in total payments from proprietary agencies are largely a reflection of changes in proprietary operating revenue. The Water and Sewer Department makes both an administrative reimbursement payment and a return on equity payment. The return on equity component of this payment is treated as countywide revenue while the administrative reimbursement portion is allocated between the countywide and UMSA budget based on the administrative reimbursement allocation.

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Unincorporated Municipal Service Area General Fund

The unincorporated municipal service area (UMSA) relies heavily on utility-based taxes and franchise fees. Unlike the countywide general fund, only 27 percent of unincorporated area revenue is derived from property taxes. The utility tax, communications tax, and electrical utility franchise fee revenue comprise 35 percent of the FY 2002-03 revenue budget and are charged only to unincorporated area residents. Utility tax revenues are estimated at \$70.941 million based on historical growth and year-to-date collection information. Communications tax revenue is estimated at \$51.357, net of the amount dedicated to Public Works (\$2 million) and technology improvements (\$2 million). The electrical utility franchise revenue is estimated at \$27.705 million.

During the 2000 legislative session the Florida Legislature adopted the Communications Services Tax Simplification Law. This legislation created a new simplified tax structure for communication services, which combined seven different state and local taxes or fees and replaced them with a two-tiered tax composed of a state tax and a local option tax on communication services. For Miami-Dade County this tax will replace the telecommunications utility tax, the telecommunications franchise fee, and the cable television franchise fee.

The UMSA millage rate is recommended at the level of 2.447 mills, which is the same as the FY 2001-02 rate. This rate generates \$114.606 million of budgeted revenue to the UMSA general fund.

Miami-Dade's municipal revenue sharing is budgeted at \$36.350 million in FY 2002-03. The allocation of local government sales tax to the unincorporated area continues to reflect all of the sales tax revenue derived on behalf of the unincorporated area population in accordance with the State defined formula and County policy. This allocation represents 63 percent of total County local government sales tax. UMSA sales tax revenue is budgeted at \$69.381 million in FY 2002-03, a \$869,000 increase over the current year's budget. Occupational license tax proceeds to the UMSA general fund are budgeted at \$3.833 million in FY 2001-02, and do not include an additional \$1.745 million that go to fund the unincorporated area's share of the Finance Department. Cash carryover for FY 2002-03 is estimated at \$22.871 million. Interest earnings are budgeted at \$4.185 million; UMSA fines and fees collected by the Office of the Clerk are budgeted at \$7.926 million. Recently approved changes to the burglar alarm ordinance will generate \$4.335 million in revenues due to a \$25 annual registration fee for all registered alarm systems in the County, as well as fines for false alarm violations.

Proprietary Funds

Proprietary agencies are supported entirely from fees and charges generated by their operations (as in the case of Aviation); by a special property tax (the Miami-Dade Fire Rescue District and Library System); a special assessment (Solid Waste Collection); or by proprietary revenue, including grants, which augment a general fund subsidy (Park and Recreation).

Property taxes comprise 83 percent of Miami-Dade Fire Rescue Service District revenues. The Fire Rescue District tax roll is currently estimated at \$70.72 billion with approximately \$2.5 billion in new construction. The proposed millage of 2.582 is a reduction (.101 mills) from the current millage of 2.683 and generates \$173.469 million in property tax revenue for the district. The decrease in millage offsets an additional debt service obligation as a result of a planned bond sale and appropriately matches Fire District revenues to expenditures. This property tax level increases the current level of services by providing partial-year funding for the new West Kendall Station scheduled to open in April 2003, additional communications dispatchers for the 911 center, a suppression truck and firefighters for the Westchester station (Station 47), and funding to begin the replacement of the department's Saber radios, UHF infrastructure, and microwave communications backbone. The Proposed Budget does not recommend any fee adjustments for ground transport, fire safety permits or plans review fees. The department anticipates

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continued growth in non-ad valorem revenue sources to reduce the dependence of the district on property tax support for services other than fire suppression and rescue services.

Funding for the FY 2002-03 Air Rescue Division will be provided from countywide property tax (\$5.714 million), a transfer from the Public Health Trust to support the Opa-locka service expansion (\$900,000) and available carryover (\$194,000).

The FY 2002-03 Proposed Budget continues to treat the Finance Department as a proprietary department operating within the revenue it collects. The department will retain control over certain tax collector fees and revenues including auto tag (\$10.197 million), real estate (\$6.86 million), and occupational license (\$2.625 million).

Property taxes comprise 81 percent of Miami-Dade Library System budgeted revenues for FY 2002-03. At this time, the Miami-Dade Library System tax roll is estimated at \$102.53 billion with approximately \$3.2 billion from new construction. The recommended millage of 0.451 mills is the same as the FY 2001-02 rate and yields \$43.929 million in property tax revenue for the system. This amount provides the Library System with funds to buy new books and materials (\$5.7 million), computer upgrades and other automation projects (\$713,000) to accommodate the increasing number of library patrons throughout the County, and funding for capital renovations (\$1.65 million). State aid to libraries is estimated at \$2.2 million, an \$800,000 reduction from the FY 2001-02 level due to state budget cuts; however, a final allocation figure is not expected until June. In addition, the Library System is expected to spend \$5.166 million under the expansion plan approved in March 2002; \$6.653 is expected to remain in reserves for FY 2003-04 and beyond.

Total Aviation operating revenues are budgeted to increase \$48 million from the FY 2001-02 projected level with an associated increase in operating revenues per passenger to \$14.30 from \$13.45. In addition to inflation, this increase is required primarily for operational needs such as safety and internal security staffing, maintenance expenses, utilities, and increased transfer requirements. Landing fees revenue which represent approximately 13 percent of total airport revenues, are currently at a rate of \$1.95 per 1,000 pounds of nominal gross landed weight. The actual landing fee effective on October 1, 2002 will be calculated in August as part of the regular semi-annual landing fee calculation process. The Aviation Department will continue to impose the FAA approved passenger facility charge of \$4.50 per passenger that is used for airport capital improvement projects.

In FY 2002-03, total Seaport revenues are estimated at \$92.050 million. The budget recommends several increases to tariffs; passenger wharfage (to \$7.25 per passenger from \$7.00 per passenger), passenger dockage (to \$0.21 per gross registered tonnage (GRT) from \$0.20 per GRT), general cargo wharfage (to \$1.95 per ton from \$1.90 per ton), and most other miscellaneous tariff rates which will also increase by 3 percent on October 1, 2002. Crane rental fees are not being increased this year as a response to ongoing aggressive competition. Consistent with past practice, the Seaport will evaluate market conditions and revenue experience in the first quarter and may recommend changes in January 2003.

Approval of a revised retail water and wastewater rate structure was obtained from the Board of County Commissioners (BCC) on April 23, 2002. The new rate structure will become effective October 1, 2002 and will be revenue neutral, while encouraging water conservation. An increase in the Westwood Lake Weed Control Fee was approved as part of the revised rate structure and will also become effective October 1, 2002. The department has obtained approval by the BCC not to implement the quarterly Energy Cost Adjustment originally designed to provide a credit or debit on water and sewer bills depending on increases or decreases in electric and natural gas rates.

Department of Environmental Resources Management (DERM) utility service fee revenue is budgeted at \$16.6 million and comprises 32 percent of the department's total revenues. In order to recover all costs associated with general operations, DERM's permitting and plans review fees are recommended to be increased by 15 percent in

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FY 2002-03 yielding \$1.44 million and again in FY 2003-04 yielding \$1.656 million. Since these fees were last adjusted in 1996, operating expenses have increased while utility service fee receipts have been flat. The Stormwater Utility fee is recommended to remain at \$3.00, per month per equivalent residential unit (ERU). Stormwater-related efficiencies continue to be reviewed to maximize the use of this revenue for capital projects.

The Public Works Department is proposing a 14 percent increase of permitting fees generating \$752,000 in additional revenues to maintain current service levels. Platting fees are recommended to increase by 20 percent generating \$221,000 in additional revenue. The department is also proposing to allow platting applications to be in effect for a full year before an application renewal is required. Causeway tolls will remain the same as in the current year.

No change in the annual \$349 household waste collection fee is proposed for FY 2002-03. Consistent with the contractual agreement with municipalities and private haulers, a Consumer Price Index (CPI) adjustment to the disposal tipping fee is recommended. Based on an estimated CPI of 2.6 percent for July 2001 through June 2002, the contracted disposal tipping fee would increase to \$50.55 from \$49.30, the non-contracted tipping fee would increase to \$66.60 from \$64.85; and the transfer fee to \$10.05 from \$9.80. The actual amount of the increase will be set prior to the September budget hearing based on the actual CPI for that period. Phase-in of per load charge for landscapers permitted to use Trash and Recycling Centers is recommended. The charges in FY 2002-03 will vary from \$6 to \$38 based on the weight of the vehicle used.

No fee or rate increases are currently being proposed for next year for the Building Department, the department has contracted with an outside consultant to review the current fee schedule. The results of this review will be presented to the industry and the Board of County Commissioners in the fall of 2002.

The Department of Planning and Zoning is exploring the possibility of hiring an outside consultant to review the departmental fee schedule. A review of this nature has not occurred in eight years. The department has contracted with an expert from the University of Florida to assist each impact fee agency in examining their respective impact fee rates. No change to fees is included in the FY 2002-03 Proposed Budget.

Proposed fee adjustments in the Park and Recreation Department include minor increases in select winter and summer golf rates consistent with other golf courses (\$59,000), admission to the Miami Metrozoo (\$381,000), boat ramps (\$8,000), after school programs (\$140,000), campgrounds (\$28,000), L&P Thompson Lake (\$8,000), Redland Fruit & Spice Park (\$5,000), parking at various facilities (\$10,000), Tropical Park Equestrian Center (\$15,000), and event fees, photo and video shoots, and new programs at the Deering Estate at Cutler (\$93,000). The total additional revenue from the proposed fees is estimated at \$747,000.

State transit operating assistance for FY 2002-03 is budgeted at \$16.287 million, which is approximately \$1 million higher than the current level. The recommended budget assumes the use of \$20 million for capitalized maintenance expense from the federal formula grant. Operating revenues for the agency are budgeted at \$67.93 million, which includes the expected impact of continuing the Golden Passport Program, and additional funds from an increase in the base Metrorail fare to \$1.50 from \$1.25 to be effective November 1, 2002 (\$710,000 for FY 2002-03, \$776,000 annualized). Non-operating revenues include advertising, joint development, permits and leasing fees, which are budgeted at \$6.124 million.

Several departments rely heavily on state and federal funding in their budgets. The proposed Department of Human Services (DHS) budget, for example, includes \$93.868 million in federal and state grants (58 percent of the total budget). These revenues have been budgeted based on our most current information of likely state and federal funding scenarios. The Board will be provided with an update on state and federal funding as more

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information is available. As a general policy, unless specifically approved by the Board, County funding is not substituted to continue state or federally funded programs for which funding has been reduced or eliminated.

The existing occupational license tax earmarked for economic activity is expected to generate \$3.545 million and will continue to be allocated to the Beacon Council. Pursuant to Board action on June 7, 1994, eight percent of Beacon Council revenue from this source (\$284,000) will be transferred to the Metro-Miami Action Plan Trust for its economic development activities.

The E-911 telephone fee is recommended to remain at its current rate of \$0.50 per telephone line per month and will continue to fund E-911 operations and system maintenance.

Transient Lodging and Food and Beverage Taxes

Miami-Dade County collects and manages distribution of the Tourist Development Tax (TDT), Convention Development Tax (CDT), Tourist Development Surtax on food and beverage sales, and Food and Beverage Tax for homeless and domestic violence programs and facilities. A description of resort taxes in effect throughout Miami-Dade County is contained in the appendix to this Proposed Budget.

Consequent to the events of September 11, Tourist Taxes inevitably took a sharp decline, specifically the taxes related to hotel stays. The CDT, TDT and Sports Tax for FY 2001-02 are all projected to generate approximately 16 percent less revenue than the actual receipts in FY 2000-01. The occupancy and room rates are expected to rebound by about halfway through the FY 2002-03 year, but cumulative tax receipts are still expected to end the year six percent behind the actual FY 2000-01 levels. Food and Beverage taxes were not affected as greatly – the TDT surtax is projected to end FY 2001-02 six percent behind the actual receipts in FY 2000-01 and the one percent additional food and beverage tax is actually projected to end the year two percent above the FY 2000-01 actuals. In accordance with state law, FY 2002-03 budgeted revenues are at 95 percent of the estimated collections.

The TDT, a two percent transient lodging tax collected throughout the County except in Miami Beach, Bal Harbour, and Surfside, is budgeted at \$11.397 million in FY 2002-03. These funds are allocated to various cultural and tourism activities funded through Miami-Dade County Cultural Affairs Council and Tourist Development Council grant programs, and the Greater Miami Convention and Visitors Bureau, for advertising and promotion efforts, and to the City of Miami for sports and tourism promotion related activities. The TDT also reimburses a portion of the costs of a Board of County Commissioners' legislative analyst position.

The Professional Sports Franchise Facility Tax (PSFFT) is budgeted at \$5.7 million in FY 2002-03 and will continue to be used to pay debt service associated with various sports facilities designated by the Board including the stadium at the Tennis Center at Crandon Park, the Orange Bowl, the Golf Club of Miami, the Miami Arena, the Crandon Park Golf Course, the Homestead Baseball Stadium, and the Homestead Motorsports Complex. It is recommended in the Proposed Budget that, in light of the contractual and programmed obligations of the CDT and the reduced receipts due to the events of September 11, that PSFFT receipts be used to the extent possible to relieve the burden on the CDT receipts.

The CDT, budgeted at \$29.1 million in FY 2002-03, is a three percent transient lodging tax levied throughout the County excluding Surfside and Bal Harbour. The tax proceeds are allocated to the payment of bonds issued for the Performing Arts Center and land for the American Airlines Arena, to the operating subsidy for the American Airlines Arena, to the City of Miami Beach for operation of the Miami Beach Convention Center Complex, payments for the Miami Sports and Exhibition Authority (MESA) for the debt and operating subsidies for the Miami Arena, and

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cultural programs, as allowable by state statutes. Residual revenues are retained by the County for other CDT eligible uses.

Revenue generated from the two percent Tourist Development Surtax on food and beverage sales in hotels and motels is budgeted at \$4.0 million in FY 2002-03 and is used for tourist and convention-related promotions and advertising by the Greater Miami Convention and Visitors Bureau.

The 1993 state legislature expanded the Tourist Development Surtax and enabled Miami-Dade County to impose an additional 1 percent tax on the sale of food and beverages by establishments with consumption-on-premises alcoholic beverage licenses and gross annual revenue exceeding \$400,000. Revenues are dedicated for programs assisting the homeless and victims of domestic violence. Establishments subject to the Tourist Development Surtax are excluded from the new tax. Projected FY 2001-02 revenue is \$9.4 million and will be allocated to homeless assistance programs (85 percent) and for the construction and operation of facilities providing domestic violence shelter and services (15 percent). The amount budgeted for FY 2002-03 is \$9 million.